



Service Protocols

INDEX

- 1. Introduction & Scope**
- 2. ACE Management & Service Standards**
- 3. Placing Services**
- 4. Duty of Disclosure**
- 5. Selection & Solvency of Underwriters**
- 6. Confidentiality & Security of Information**
- 7. Claims Services**
- 8. Maintenance of Records**
- 9. Conflicts of Interest**
- 10. Remuneration & Other Income**
- 11. The Receiving and Holding of Client Money**
- 12. Payment to Third Parties**
- 13. Methods of Payment**
- 14. Communications by E-mail**
- 15. E-Commerce**
- 16. Complaints and Redress**
- 17. Terminating Our Appointment**
- 18. Terminology**

1. Introduction & Scope

Our intention in issuing these Service Protocols is to establish clearly and concisely with you the basis on and extent to which we will provide you with services in relation to each insurance which we arrange on your behalf, unless there is a more specific agreement in writing between us. This document also highlights certain important insurance practices and procedures that apply when arranging insurance, and provides you with more general information on our services. We are required by our Regulator to give you this document.

We would, therefore, urge you to read this document carefully, and use the information to decide if our services are right for you, particularly the section entitled Placing Services as it sets out the basis upon which we will act as your agent in relation to each insurance policy which we arrange on your behalf and how we hold client money.

If you do not wish our relationship to be governed in such a manner, you need to advise us in writing before we proceed to arrange the insurance.

2. ACE Management & Service Standards

Quality & Standard of Service

In providing you with the services described in this document, we will be acting as your agent, in accordance with your instructions and in a professional and expeditious manner. As a firm authorized and regulated by the SAMA, we are required to follow its rules in so far as they are applicable to the services that are described in this document and which we have agreed to provide you in relation to insurance that we arrange or administer on your behalf.

Managing Your Requirements

We will assign one or more Account Executives within our applicable Practice Group(s) to take responsibility for the provision of the services which are described in this document. Such person(s) will be your primary point(s) of contact in relation to insurance that we arrange or administer on your behalf and will ensure, in so far as is reasonably possible, continuity of and accountability for the services which we provide. The assigned Account Executive(s) will be supported by other employees to assist in the provision of the services and to provide service cover when required.

3. Placing Services

Establishing Your Demands & Needs

In good time before negotiations with the Underwriter(s) commence, we wish to establish a proper understanding of your insurance requirements. We will assist where necessary in the gathering and collation of material risk information and in its preparation for submission to the Underwriter(s) who we consider to be appropriate. In that regard, we would draw your attention to the sections of this document entitled Duty of Disclosure and Selection and Solvency of Underwriters.

Quoting & Placing

We will seek from Underwriters on your behalf, competitive indications for insurance and coverage which are, in our opinion, efficient in terms of both price and coverage offered and will advise you of the terms indicated by the Underwriter(s) in such a manner as to enable you to make an informed decision on which insurance if any, to purchase.

We will take diligent and timely steps to implement your instructions and, subject to available insurance market, place all of the required insurance before its intended date of inception, renewal or extension, confirming to you prior to such date the coverage that is in place. If any inability to fulfill your instructions becomes clear to us we will bring this promptly to your attention.

If you are domiciled outside of the Kingdom of Saudi Arabia or the insurance provides cover for non-KSA risks, you should check that use of the Underwriter(s) is acceptable with regard to local taxation and is permitted by the relevant authorities.

Lineslips & Facilities

In relation to certain classes of business, we have the benefit of and operate, lineslip facilities. These are arrangements whereby risks, meeting certain pre-agreed criteria, can be bound by one or more Underwriters usually on behalf of a wider range of Underwriters, which mechanism offers speed and efficiencies across a portfolio of business. We generally administer these facilities on behalf of all participating Underwriters and carry out general functions, such as accounting, on behalf of subscribing Underwriters. We believe these arrangements help us to secure for clients, access to an expert panel of Underwriters and cost efficiencies across a portfolio of our clients' business. We review the terms and conditions of lineslip facilities annually to ensure that the terms and conditions offered by participating Underwriters are competitive. Where we place a risk for you under a lineslip or similar facility, we will disclose this fact to you.

In certain cases we have authority delegated by Underwriters to bind limited classes of risks. Where your risk is placed pursuant to such a binding authority arrangement you will be specifically

advised of it. In these circumstances, to the extent your risk is placed under a binding authority, in dealing with the underwriting and administration of your risk, we will be acting primarily on behalf of Underwriters.

Documentation

We will advise you by facsimile, letter, e-mail or other agreed means of communication, of the completion of the insurance arrangement(s). We will then arrange for appropriate documentation to be forwarded to you, which will provide you with formal confirmation or evidence of the insurance and the amount of premium payable in respect thereof. We advise you to check this documentation when you receive it:-

- ❖ A Cover Note will provide a summary of the main terms of the insurance and identifies the Underwriter(s) with whom it has been placed. You should check the cover note and satisfy yourself that it is entirely in accordance with your understanding and instructions. Any variance should be advised to us immediately and any correspondence should quote the cover note reference. Where a certificate, policy or other evidence or confirmation of insurance can be issued in a timely fashion after completion of the insurance arrangements, we will not issue a cover note unless one is specifically requested by you.
- ❖ A Premium Debit Note/Invoice will indicate the gross premium charged by the Underwriter(s) for the insurance, any deductions allowed for you and the net amount of premium payable to us. Where an Underwriter requires premium to be paid directly to them, this will normally be indicated on the premium debit note or invoice.
- ❖ A Policy/Certificate will set out comprehensively the terms of the insurance and replaces any earlier evidence of cover. We

will seek to obtain and, subject to any lien which we may be legally entitled to exercise, issue to you as soon as practicable any insurance policy or certificate documents which may be required in relation to the insurance.

Taxes, Duties & Other Charges

Any insurance premium tax, or other charge which is payable in addition to the premium (for which the policyholder is responsible) and which needs to be remitted to the appropriate authority by the Underwriter(s), or which is allowed by the Underwriter(s) to be deducted from the premium payable, will be indicated on the premium debit note or invoice. If a tax or other charge is allowed to be deducted by you from the premium payable; it is your responsibility to ensure that it is remitted to the appropriate authority.

Amendments

If you require a subsequent amendment to the terms of the insurance, you should advise us in writing at the earliest opportunity, specifying the required change(s) and enclosing any relevant supporting information. As noted under the section of this document entitled *Duty of Disclosure*, the duty to disclose material information resurrects itself when amendments to the insurance are proposed.

We will then seek the necessary agreement(s) from the Underwriter(s) and confirm to you in writing when the amendment has been effected, or of any inability to effect the required amendment.

An addendum to the cover note, or endorsement to the policy or certificate of insurance, together with a debit note or credit note indicating respectively any additional or return premium due, will

be issued to you where necessary. Any return premiums will be credited to you net of our brokerage commission.

Premium Payment Terms

Premium should be paid within the timeframe stipulated on the debit note or, if no payment date is stipulated within 30 days of the date of the debit note. Failure to pay on time may lead to the ineffectiveness of the insurances. We will advise you of any other special premium payment condition or warranty.

Use of Sub-Agents

Where we consider it appropriate, we may instruct a more localized or specialist insurance broker or intermediary to act as our sub-agent and assist us in arranging or administering the insurance. For example, many countries require the use of local intermediaries to access local insurance markets. In such cases, we will provide specific instructions to our appointed sub-agents so as to meet your insurance requirements. Sub-agents may be remunerated by way of a fee agreed with us, brokerage commission allowed to them by the Underwriter(s) or a specific fee agreed by us with you for their use. Please note that the basis of remuneration for a sub-agent may be different to the basis of our remuneration in relation to the insurance.

4. Duty of Disclosure

You must be aware of the duty of disclosure in relation to insurance and the severe consequences of its breach.

The duty of disclosure under law is a duty to pass on to the Underwriter(s), all material information relating to the risk under consideration. "Material" in this context refers to all information which a prudent Underwriter (not necessarily the Underwriter in question), would wish to take account of when considering

whether or not to accept the risk, and if so, upon what terms and at what price. Material information does not necessarily have to actually increase the risk.

The duty of disclosure continues up until the insurance has been concluded and “resurrects” in the event of any amendment to the risk during the policy period or any extension/renewal. The duty of disclosing all material information relating to the risk is an ongoing obligation which effectively extend the duty of disclosure post inception of the policy.

In completing a proposal or claim form or any other material document relating to an insurance policy and in providing information to or for Underwriters, the accuracy and completeness of all answers, statements and/or information is the policyholder’s own responsibility and it is of paramount importance that all relevant information is provided and that it is accurate.

In the event that there is a breach of the duty of disclosure, the Underwriter has the right to avoid the insurance from its commencement. Under such circumstances, the Underwriter(s) would be entitled to seek recovery of any claims already paid by them under the insurance.

If you are in any doubt as to the ambit of the duty of disclosure or whether a piece of information ought to be disclosed, please do not hesitate to contact us.

5. Selection & Solvency of Underwriters

Our selection of Underwriter(s) is generally based on our knowledge and experience of the relevant market sector, its products, our preference to deal with a limited number of Underwriters in each market sector with whom we can develop trading relationships to the advantage of our clients, and the financial standing of the Underwriter(s).

We use our best endeavors to monitor using publicly available information, the financial standing or condition of any

Underwriter(s) can, of course, change after the insurance has inception. We accept no responsibility for the financial standing or financial performance of any Underwriter and will not be responsible in any circumstances in the event that they are unable, for whatever reason, to meet their obligations to you.

6. Confidentiality & Security of Information

Any information that you provide to us will not be used or intentionally disclosed by us except in the normal course of negotiating, maintaining or renewing the insurance or for handling any claims thereunder, unless:-

- ❖ We have obtained the necessary consent from you:
- ❖ We are required to disclose the information by a court of competent jurisdiction or governmental or regulatory body having the requisite authority over us; or
- ❖ The information is already in the public domain or has been received by us from a third party not under any duty of confidentiality.

We will take appropriate steps to maintain the security of your confidential documents and information which are in our possession.

7. Claims Services Claims Service Period & Scope

We will provide you with the claims related services described in this section in relation to the insurance(s) we arrange for you only to the extent that you wish to receive any of them and until such time as:

- ❖ Our appointment to act as agent or sub-agent in relation to the insurance or any subsequent renewal of the insurance is terminated or not maintained; or
- ❖ You fail to pay any claims service fee or disbursement within fourteen (14) days of it becoming due, where you have agreed to remunerate us separately for claims related services.

Thereafter, and without any obligation on our part to do so, if we are not willing to provide you with any (further) claims related services in connection with the insurance, you agree to promptly and diligently assume responsibility yourself for handling any and all claims matters relating to the insurance and, where necessary, to use your best Endeavour's to secure the services of another insurance intermediary to assist you in such matters.

Please note that, unless we have agreed otherwise with you in writing, the remuneration we earn by way of brokerage commission or fee should be considered only for the provision of the services described in the section of this document entitled Placing Services. Normally, it would not include any consideration for us to provide claims related services, which you may require at a later date in connection with the insurance.

Notification & Assessment

Claims should be notified to us (or to Underwriters if the policy provides for direct notification to them) promptly.

Where claims are being made by third parties, no compromise or admission of liability should be made until Underwriters' approval is obtained. You should observe all conditions in the policy relating to the reporting and handling of claims – failure to do so may well lead to the claim not being paid. Details of claims which are notifiable under the terms of the insurance should be advised to us as your agent without delay, unless the insurance requires claims to be notified directly to the Underwriter(s) or to another party. Upon our receipt of a claim notice from you, we will undertake an assessment of that claim. If we consider that notice of the claim is not required or if the notification appears deficient in any way, we will promptly explain to you the position and seek your further instructions.

Subject to the preceding paragraph, we will notify the participating Underwriter(s) of the claim in a timely fashion and, where applicable, confirm to you in writing when such notification has been made. We will then promptly communicate to you any information, comments or advices, received from the Underwriter(s), in relation to the claim notice(s).

Negotiation & Settlement

We will diligently pursue settlement and, where agreed with the Underwriter(s), the collection of any claim under the insurance and seek to secure the fullest recovery possible within the terms, conditions and limitations of the insurance. We will not compromise the amount of any claim settlement without your prior approval. Where applicable, we will provide you with written confirmation of the acceptance of the claim and the amount of settlement agreed by the Underwriter(s).

8. Maintenance of Records

During the period of our appointment, we will make, maintain and keep a record of all materials particulars relating to our arrangement and/or administration of the insurance, including the notification, processing and resolution of any claims under the insurance for which we provide claims related services. Such records may be kept in paper based, electronic or any other medium we consider appropriate provided that they are either in a legible form or capable of being reproduced in a legible form.

Subject to any lien which we may be legally entitled to exercise, we will reproduce and forward to you (or to any other party you request), copies of the documents and records to which you as our client are legally entitled, but we reserve the right to charge you for the reasonable costs of reproduction and forwarding and to retain copies for our own internal requirements.

9. Conflicts of Interest

In performing our services, situations may arise where we have conflicting interests and we wish to highlight our normal procedures in relation thereto.

Where the conflict arises in providing the limited services to the Underwriter(s) as described elsewhere in this document, we will refrain from performing any further services of a like nature for the Underwriter(s) unless you have agreed otherwise in writing.

Where we act as agent for two or more clients involved in the same or a related loss situation, we will advise the clients involved of our conflicting interests (if any) and take immediate steps to segregate the claim servicing functions provided to each

of the involved clients. These steps will normally include the assignment of different Account Executives within our Claims Unit to represent the claim interests of each involved client and the establishment of direct communication procedures.

Should a situation arise where our own interests conflict with any duty we owe to you, we will not proceed until such time as you have been fully apprised of the position and you have provided your informed consent on the manner in which we will proceed.

We recognize for conflicting interest situations that you may wish to secure the services of another intermediary to assist you with matters.

Some of our shareholders have an interest in the following insurance companies

- a. Saudi Arabian Cooperative Insurance Company
- b. Saudi Arabian Insurance Company B.S.C.
- c. Saudi Arabian Insurance Company SAL

Despite the common shareholding we are an independent and completely separate legal entity and are not involved with the day to day operation or management of the above companies.

10. Remuneration & Other Income

Our principal remuneration for bringing about or arranging the insurance will be either by way of brokerage commission, being a proportion of the premium paid which is allowed to us by the Underwriter(s) for introducing the insurance to them, or a fee agreed with you.

You may separately agree to remunerate us by way of a fee for placing and administering the insurance and/or providing claims and other insurance related services.

For information, commission paid by insurers normally range between 2.5% & 20%.

Brokerage commissions and fees for bringing about or arranging the insurance are considered fully earned when the insurance incepts, irrespective of when the premium for the insurance is payable to the Underwriter(s) and are not refundable in the event of cancellation or early termination of insurances.

In addition to the above, you should be aware that as a result of bringing about or arranging the insurance, we and/or other members of the ACE Group may receive additional income from the following sources:-

- ❖ Interest earned on insurance monies passing through our bank accounts.
- ❖ Expense allowances or commissions from Underwriters for managing administering certain lineslips, covers, binding authorities and other similar facilities, including claims which may arise thereunder, all of which we believe enable access to expert Underwriters, more efficient service and competitive terms to be provided across a portfolio of business (see Placing Services for a description of these facilities).
- ❖ Profit commissions or profit shares paid by Underwriters on specific facilities and arrangements for a limited class of business.
- ❖ Administrative service fees which may be paid for limited specific services we provide to Underwriter(s) as part of the placing or claims process.

We will deal with you openly and, when requested, we will disclose the amount of any additional income (or where that is not feasible, a reasonable estimate of the additional income or its basis of calculation) from the above and any other sources which we may receive in relation to insurance we arrange. We would also ask you to note that we may have arranged or be requested to arrange, facultative or treaty reinsurances for the Underwriter(s) with whom we effect the insurance. These reinsurances are separate and distinct contracts where we act as the agent (or sub-agent) of the Underwriter(s) concerned, and for which remuneration may be paid separately by the Underwriter(s) or their reinsurers(s) and are outside the scope of our agreement with you.

11. The Receiving and Holding of Client Money

Client Monies

We will hold client monies (generally premium and claims monies we receive and hold on behalf of our clients in the course

of carrying on insurance mediation activities) in segregated non-statutory trust accounts, established and maintained in accordance with the Client Assets rules of SAMA, or as designated client money investments permitted by the rules. Where we consider it appropriate, the rules permit us to use monies from our non-statutory trust accounts for short-period funding of premium and claims settlements on behalf of clients.

We will retain for our own use, any interest we earn on client monies passing through our bank accounts and any investment returns we make on permitted designated investments.

In certain circumstances, we may receive and hold insurance monies as agent for the Underwriter(s) under a written agreement with such Underwriter(s), for example where business is accepted under a binding authority. Client Assets rules allow such insurance monies to be co-mingled with client monies subject to certain criteria being met, including inter-alia that those Underwriter(s) rank as a second preferred creditor in the event of a default.

Our non-statutory trust accounts for client monies are detailed in section 13 hereunder.

12. Payment to Third Parties

We may transfer client money to another person, such as another broker or settlement agent, for the purpose of effecting a transaction on your behalf through that person.

This may include brokers and settlement agents outside KSA. The legal and regulatory regime applying to a broker or settlement agent outside KSA may be different from that of KSA and in the event of a failure of the broker or settlement agent, this money may be treated in a different manner from that which would apply if the money were held by a broker or settlement agent in KSA. You may notify us if you do not wish your money to be passed to a person in a particular jurisdiction.

13. Methods of Payment

Wire Transfer

Payments to us should be made preferably by wire transfer to our appropriate Insurance Bank Account mentioned hereunder

together with a remittance advice transmitted promptly to your usual ACE Insurance & Reinsurance Brokers Ltd. contact showing the item(s), our transaction no.(s) and the amount(s) being paid. This will enable us to identify, upon receipt of a premium payment, to which Underwriter(s) we are to remit funds. Wire transfers should be made payable to and the relevant bank and account number quoted.

The cheque/draft should be accompanied by written remittance details on the same basis as stated for wire transfers.

14. Communications by E-mail

We recognize that communicating by e-mail on a 'desk-to-desk' basis is a very desirable and easy method of conducting business and that e-mail is fast replacing facsimile as the preferred method of communication.

However, if you choose to communicate with us by e-mail, we do have some concerns specific to its use in arranging and administering insurance that we would like to share with you.

- ❖ **Integrity & Receipt:** There is no certainty of the completeness, accuracy or even the receipt of a message or data file sent by e-mail. As an insurance broker, we are concerned that using e-mail as part of a contractual process creates an exposure for our clients and ourselves as their agent or professional advisor (eg. In such areas as misrepresentation or non-disclosure of information, where corruption of data during transmission or missing data file attachments may not be immediately obvious to the recipient, and the offer and acceptance process of insurance contract terms). We accept no responsibility if information sent by you to us by e-mail is incomplete or corrupted. We will also be entitled to act upon any instruction from you received by e-mail which reasonably appears to have been sent by you.

For important messages, we may ask for a confirmation of receipt and we will acknowledge or respond to those messages that we receive. Hard copies of messages may also be requested or sent where considered appropriate.

- ❖ **Confidentiality:** By unavoidably having to use third party service providers to 'deliver' e-mails, confidentiality may be outside of the sender's control.

- ❖ **Appropriateness:** Where receipt of a message by a given time/date is critical or the subject matter is of an important nature, such message may be better communicated by facsimile or courier to ensure that it is received and can then be acted upon. Many insurance policies have provisions which require notice in writing in order to ensure compliance, particularly in relation to claims advices. The use of e-mail in such circumstances may be inappropriate, unless the policy in question specifically allows for e-mail to be used.
- ❖ **Legality:** In the absence of any formal contract setting out the terms or communicating by e-mail, it may be questioned in certain jurisdictions as to whether such communications are or will be legally admissible as evidence in any dispute, without considerable supporting evidence as to checks having been made on receipt, security and integrity of the communication.
- ❖ **Viruses:** With knowledge of the potential damage which computer viruses can cause, e-mail users should use their best endeavors to ensure that they do not transmit harmful viruses to other parties.

We have a standard form contract which deals with the above issues more formally than this document. If you would like any e-mail exchangers between us to be governed in a more formal way and we have not already done so, we would be happy to send you a signed copy of the contract for counter-signature.

We are unable to communicate with you or accept instructions from you by means of telephone text messages and any information sent by these means will be ignored.

15. E-Commerce

We will seek to place and service insurance business in the most efficient manner, which increasingly is by means of electronic trading. Indeed some Underwriters now require information to be submitted to them in this manner.

Therefore, where we consider it appropriate, we will exchange data and text with you, the Underwriter(s) and other parties connected with the insurance using e-mail, through private insurance market networks and through web-enabled systems

accessed via the internet. The exchange of data between intermediaries and Underwriters by electronic means has long been a feature of the Insurance Market, principally in relation to accounting and insurance claim processes.

16. Complaints and Redress

If you have a complaint regarding our practices or performance which you are unable to resolve to your satisfaction with the Account Executive(s) we have assigned to manage your account, please log into our website connection to file a complaint:

www.complaints.ace-ins.com

or alternatively hand a complaint in writing to one of our branches detailing the nature and underlying circumstances of your complaint:

The individual, who is responsible for monitoring the quality of our services and compliance with the laws and regulatory rules applying to us in the Saudi Arabia, will investigate the matter fully, respond to you in detail and, where it considers the complaint reasonable, endeavor to ensure that necessary actions are taken to resolve your complaint.

If your complaint remains unresolved following the review and response, you have the right to forward your complaint to the legal regulator.

Making a complaint against us is in addition to and does not replace your right to seek legal redress against us.

17. Terminating Our Appointment

You may terminate our appointment to act as your agent in relation to the insurance by giving us notice in writing stating when thereafter the termination will be effective. Termination of our appointment does not affect the rights, obligations or liabilities of either you or us in relation to the insurance that accrue prior to the termination date.

As our brokerage commission or fee for bringing about or arranging the insurance is considered fully earned when the insurance incept, any unpaid brokerage commission or fee will become immediately due and payable to us upon termination of our appointment.

18. Terminology

In order to avoid repetition of words used in this document, “the insurance” means each contract of insurance which we arrange or bring about on your behalf, “includes reinsurance, contracts of surety or guarantee and other risk transfer products, “Underwriter(s)” includes any insurer, reinsurer category of risk bearer, and “claim” includes an incident which may give rise to a claim, as appropriate to the insurance.